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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

Second report of the Advisory Committee on Administrative and Budgetary Questions

I. INTRODUCTION

1. The present report contains the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions on the report of the Secretary-General of 11 September 1997 (A/52/303). Taking these into account, it also presents a consolidated table of the appropriations it recommends for each section of the proposed programme budget for the biennium 1998-1999. The report also includes a number of observations and recommendations of the Advisory Committee on related budgetary matters. The Committee also had before it the report of the Secretary-General of 14 July 1997 (A/51/950 and Add.1-6). During its consideration of document A/52/303 and related matters the Committee met with representatives of the Secretary-General who provided additional information both orally and in writing.

II. UNITED NATIONS REFORM: MEASURES AND PROPOSALS (A/52/303)

2. In paragraph 4 of its resolution 52/12 of 12 November 1997, the General Assembly notes that the report of the Secretary-General of 11 September 1997 will be considered in the context of the examination of the proposed programme budget for the biennium 1998-1999. The Advisory Committee points out that in some cases, as noted below, the Secretary-General's report (A/52/303) contains estimates in respect of recommendations still to be acted upon by the Assembly as at the time of writing of this report. During its consideration of the Secretary-General's report, the Committee encountered some difficulty in reviewing the report owing to lack of satisfactory explanation of some of the proposals made in it. The Committee requests the Secretary-General to make

available information on the implications of reform on the level and distribution of extrabudgetary resources as soon as possible.

Section 1A. Overall policy-making, direction and coordination

3. As at the time of writing of this report, the recommendation of the Secretary-General to establish a post of Deputy Secretary-General has not yet been acted upon by the General Assembly. The Advisory Committee notes from paragraph 1A.2 of the report of the Secretary-General (A/52/303) that it is proposed that the Deputy Secretary-General would be a staff member appointed by the Secretary-General for a period not to exceed his own term of office. With regard to remuneration, it is proposed that the salary of the Deputy Secretary-General be set at the mid-point between that of the Secretary-General and that of the Administrator of the United Nations Development Programme (UNDP); a representation allowance would be set at $15,000 per year.

4. The Advisory Committee requested a breakdown of the estimates for the Deputy Secretary-General post for 1998-1999 and received the following information:

	United States dollars
Salary	421 800
Representation allowance	30 000
Common staff costs	169 300
Total	621 100

5. It would appear to the Advisory Committee that should the General Assembly establish the post of Deputy Secretary-General along the lines recommended by the Secretary-General in his report of 14 July (A/51/950) and further elaborated in his report of 7 October (A/51/950/Add.1), two options exist with regard to the salary and emoluments for that post:

(a) To recognize that the creation of the grade of Deputy Secretary-General changes the grading structure of the staffing tables through the addition of a new layer. Since such a change has numerous implications, not only for the United Nations, but system-wide, the matter could be referred to the International Civil Service Commission on an urgent basis; the Commission could make recommendations on salary and all other conditions of service, including pension, and applicability to the grading structure of the other organizations in the common system;

(b) To set salary and emoluments the same as those of an Under-Secretary-General, but to provide a special non-pensionable allowance in recognition of the special responsibilities of the position, in addition to the existing representation allowance of an Under-Secretary-General; thus, the incumbent would have the grade of Under-Secretary-General but the title of Deputy Secretary-General (together with a special allowance); a new grade layer would thus not be created.

6. If, however, the General Assembly were to approve the position of Deputy Secretary-General, but require instead that the incumbent be selected with the participation and/or approval of the Assembly, then the incumbent could be considered an ungraded official with salary and emoluments specifically approved by the Assembly (as is the case with the Administrator of UNDP); options (a) and (b) in paragraph 5 above would therefore not apply.

7. The Advisory Committee will revert to the question of the financial implications of the establishment of the position of Deputy Secretary-General on the basis of such decision as the General Assembly may take on this matter. Pending this, the Committee recommends that the Secretary-General's estimates in respect of the post of Deputy Secretary-General in his report (A/52/303) be considered provisional.

8. The Advisory Committee notes from paragraph 1A.3 of the Secretary-General's report under consideration that the Office of the Deputy Secretary-General would consist of one Director (D-2), one P-5 and one personal assistant and two secretaries in the General Service category. The Committee was informed that travel requirements for the Office would be met through resources available to the Executive Office of the Secretary-General. As indicated in paragraph 1A.3, the Deputy Secretary-General would also draw on the staff resources available in the Executive Office of the Secretary-General. In view of this, should the General Assembly approve the establishment of the post of Deputy Secretary-General, the Advisory Committee does not believe that three General Service posts would be required in the Office and recommends only two of these posts (one of which would be provided through redeployment); this would involve a reduction of $112,200 in the Secretary-General's estimates for 1998-1999.

9. The Committee recommends acceptance of the staffing proposals on the Strategic Planning Unit and the Office for Development Financing as described in paragraphs 1A.4 to 1A.6 of the report.

Section 1B. General Assembly affairs and conference services

10. The Advisory Committee notes from paragraph 1B.1 of the Secretary-General's report (A/52/303) that the major function of the newly created Department of General Assembly Affairs and Conference Services would be the servicing of the General Assembly, its General, First, Second, Third and Fourth Committees, the Economic and Social Council and most of its subsidiary and ad hoc bodies and special conferences dealing with economic, social and related matters. On enquiry, the Advisory Committee was informed that, for the present time, the servicing of the Fifth and Sixth Committees of the Assembly would not be undertaken by this Department. The distinction between the servicing arrangements for the Fifth and Sixth Committees and the other Main Committees of the Assembly was not made clear to the Advisory Committee. Since the rationalization of servicing arrangements could result in economies, the Committee recommends that these arrangements be kept under review; the review should include arrangements for servicing the Security Council.

11. The Advisory Committee notes from paragraph 1B.4 of the report, that there is no change in the programme of activities of the various components now

forming the Department of General Assembly Affairs and Conference Services. The Committee, while noting the information given in paragraph 1B.12 of the report, enquired about the proposed reduction of nine posts. The Committee was informed that currently one post in the Professional category was vacant, while it was envisaged that the remaining five Professional posts would become vacant in due course and that the incumbents of the three posts in the General Service category would be redeployed.

12. The Advisory Committee notes from paragraph 1B.8 that it is proposed that the post of Director (D-2) in the former Office of the Director of Conference Services be redeployed to the Office of the Under-Secretary-General to strengthen the latter Office. It is also proposed to reclassify the post from D-2 to the Assistant Secretary-General level. The Advisory Committee has no objection to the reclassification.

13. The Advisory Committee has no objection to the proposed reclassification from the P-4 to the P-5 level of the post of Special Assistant to the Under-Secretary-General as indicated in paragraph 1B.9 of the Secretary-General's report. The Committee recommends acceptance of the Secretary-General's proposal, in paragraph 1B.11 of his report, for reclassification of a P-2 post to the P-3 level for the purpose of enhancing administrative support in the Executive Office.

14. As indicated in paragraph 1B.11, the Secretary-General had proposed that the post of Executive Officer at the D-1 level in the new Department of General Assembly Affairs and Conference Services be provided through the exchange of the current P-5 post with a D-1 post in the General Assembly Subsidiary Organs Servicing Branch within the same Department. The Advisory Committee was informed that this Branch had been renamed the General Assembly, Disarmament and Decolonization Organs Servicing Branch.

15. The Advisory Committee notes from paragraph 1B.5 of the report that it is proposed to transfer resources relating to subprogramme 6, Decolonization, to section 1B, the new Department of General Assembly Affairs and Conference Services. In this connection, the Advisory Committee points out that, as indicated in table 2.27 of the Secretary-General's proposed programme budget for the biennium 1998-1999,[1] six posts (one D-1, one P-5, one P-3/4 and three General Service (Other level)) had been proposed for subprogramme 6, Decolonization. The Advisory Committee was informed that, in accordance with the information contained in the Secretary-General's letters of 24 October 1997, addressed to the Chairman of the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (A/51/521), and of 28 October 1997, addressed to the Permanent Representative of Papua New Guinea to the United Nations (A/52/531), substantive responsibilities for the decolonization programme would be maintained in the Department of Political Affairs. It was not clear to the Committee, however, which of the six posts (other than the D-1 post) would be transferred back to the Department of Political Affairs (sect. 2A) from the Department of General Assembly Affairs and Conference Services (sect. 1B). During the Committee's consideration of the issue, the representatives of the Secretary-General were not able to provide additional information with regard to other staff and non-staff resources that would be provided to the stand-alone

Decolonization Unit mentioned in the Secretary-General's letters. The Advisory Committee recommends that the Secretary-General indicate how these resources will be deployed pursuant to the intention in his letters. This information should be provided to the Fifth Committee in the context of its consideration of his report (A/52/303).

16. The Advisory Committee notes from paragraph 2.101 of the proposed programme budget for the biennium 1998-1999 that the functions assigned to the D-1 post would provide concurrently for the Secretary of the Fourth Committee, the supervision of activities relating to subprogramme 6. The Advisory Committee requests that the Fifth Committee be provided with information as to whether the functions of the Secretary of the Fourth Committee would be carried out within the Decolonization Unit or elsewhere.

17. The Advisory Committee recalls its comments in paragraph I.6 of chapter II of its first report (A/52/7 (Chap. II, Part I)) that there was a need to ensure that the Office of the President of the General Assembly was provided with adequate resources. The Committee notes that resources for the support currently provided are reflected in paragraphs 2.15 and 2.17 of the proposed programme budget for the biennium 1998-1999.

18. The Advisory Committee requested a breakdown of the support currently provided and was informed that, during sessions of the General Assembly, the services of a Spokesperson at the D-1 level, a security officer, two drivers, two secretaries and temporary assistance equivalent to two or three additional secretaries, inclusive of related overtime costs of the temporary staff recruited, are assigned exclusively to the President of the Assembly. In addition, all notes, background reports and advice are made available to the President as well as hospitality funds for official functions extended by him/her during sessions of the Assembly. The President is also provided with a suite (1,834 square feet), class A furniture and a limousine as needed.

19. As indicated in table 1B.4 of the Secretary-General's report (A/52/303), an amount of $500,000 has been included under the budget line grants and contributions. The Advisory Committee was informed that the amount related to paragraph 1B.10 of the report, which states that in order to enhance further the ability of the President of the General Assembly to discharge his/her responsibilities, an amount of $250,000 per annum had been proposed to supplement the level of support currently provided.

20. The Advisory Committee welcomes this proposal; however, the Committee does not believe that these resources should have been categorized as "grants and contributions". The Advisory Committee recommends that, starting with the biennium 1998-1999, resources for the Office of the President of the General Assembly be presented and approved on an object of expenditure basis.

Section 2A. Political affairs

21. In his letters of 24 and 28 October 1997 (A/52/521 and A/52/531), the Secretary-General stated that substantive responsibilities for the decolonization programme would be maintained in the Department of Political

Affairs and that a stand-alone Decolonization Unit with the necessary resources would be established (see paras. 15 and 16 above).

22. In paragraph II.15 of chapter II of its first report on the proposed programme budget (A/52/7 (Chap. II, Part II)), the Advisory Committee stated that it would provide further comments on the redeployment of a P-5 post to assist with the Department's role as convenor of the Executive Committee for Peace and Security. The Advisory Committee was informed that the Department had undertaken its designated responsibilities in this regard since January 1997. The Committee has no objection to the proposal, but the continuing need of the post for this function should be monitored in the light of experience.

23. Notwithstanding its role as convenor of the Executive Committee for Peace and Security (see A/51/950, para. 66), as well as its other functions as indicated in paragraphs 2.2 to 2.7 of the proposed programme budget, the Advisory Committee notes the proposed changes and consequent decrease in resources and functions of the Department of Political Affairs, as well as the decreasing number of operations to be undertaken by the Department of Peacekeeping Operations. The Advisory Committee enquired into the implications of a continuation of that trend insofar as the rationale for having two separate departments is conceived - an issue that may have to be re-examined by the Secretary-General. In that connection, the Advisory Committee had the benefit of an exchange of views with the Secretary-General, who informed the Advisory Committee that the Department of Political Affairs was involved in a political and advocacy role, while the Department of Peacekeeping Operations was involved in operational functions. While the Committee does not question the continued existence of two separate departments, the Committee trusts that all possible efforts will be made to avoid duplication and overlapping in their day-to-day work and believes that the efficacy of their continuing separate existence should be kept under review.

Section 2B. Disarmament

24. In paragraph 2B.2 of his report (A/52/303), the Secretary-General proposed that the Department of Disarmament Affairs be headed by an Under-Secretary-General. The Advisory Committee has no objection to this proposal. The Committee notes from paragraph 2B.3 of the report the proposed transfer of staff and non-staff resources from the Department of Political Affairs to the new Department.

25. The Advisory Committee was informed that the organizational chart for section 2B in annex II to the Secretary-General's report was outdated and that a new organigram reflecting more accurately the proposed branches of the Department would be provided in due course. The Committee has requested information on the implications of the recent change in the name of the Department.

Section 6. Legal affairs

26. The Committee notes that the Secretary-General, in paragraph 6.36 of the initial proposed programme budget for the biennium 1998-1999 (A/52/6 (Sect. 6)), proposed to reclassify a D-1 regular budget post to the D-2 level to accommodate the Director and Deputy to the Legal Counsel, who currently occupies a D-2 post funded from extrabudgetary resources. The Advisory Committee, in paragraph III.20 of chapter II of its first report (A/52/7 (Chap. II, Part III)), recommended this reclassification.

27. The Committee also notes, as indicated in paragraph 6.1 of his report, that the Secretary-General proposes to reclassify the D-2 post in the Office of the Legal Counsel to the Assistant Secretary-General level to strengthen the Office of Legal Affairs in the implementation of its programme, to assist the Legal Counsel in the increasing activity of the Legal Office and to provide assistance in the provision of overall direction, supervision and management of all legal activities under programme 4, Legal affairs, of the medium-term plan for the period 1998-2001.[2]

28. The Advisory Committee is not convinced of the need to reclassify the D-2 post to the Assistant Secretary-General level. It is of the opinion that the reasons given, such as the increasing activity of the Legal Office in relation to the reform process and necessary absences from Headquarters of the Legal Counsel, do not provide sufficient justification for a permanent increase in workload that would warrant such a reclassification.

Section 7A. Economic and social affairs

29. Under section 7A, the Secretary-General estimates regular budget requirements of $104,256,200 (before recosting) for the new Department of Economic and Social Affairs. As indicated in paragraph 7A.2, the new Department resulted from the consolidation of the Departments for Policy Coordination and Sustainable Development (sect. 7), Economic and Social Information and Policy Analysis (sect. 9) and Development Support and Management Services (sect. 10). The Secretary-General had estimated resource requirements of $117,914,900 for those three Departments in his initial proposal for the biennium 1998-1999 (see also A/52/7 (Chap. II, Part IV), paras. IV.2 and IV.3).

30. As shown in table 7A.3 of the Secretary-General's report (A/52/303), of the 602 posts requested under sections 7, 9 and 10 in the proposed programme budget for the biennium 1998-1999, the Secretary-General proposes to transfer 515 posts (285 Professional and 230 General Service) to the new Department of Economic and Social Affairs under section 7A, one P-5 post to the Office of the Secretary-General under section 1A, Overall policy-making, direction and coordination, 30 posts (1 USG, 2 D-1, 4 P-5, 4 P-4, 5 P-3 and 14 GS) to the Department of General Assembly Affairs and Conference Services under section 1B, as well as the abolition of 56 posts (1 USG, 2 D-2, 3 P-5, 6 P-4, 1 P-3 and 43 GS). The Secretary-General also proposes the establishment of a new post at the Assistant Secretary-General level for the new Department of Economic and Social Affairs (see para. 7A.1).

31. The Advisory Committee notes from paragraph 7A.2 that the activities outlined in the proposed programme budget for the biennium 1998-1999,[1] which

included 10 subprogrammes under sections 7, 9 and 10, have been merged into 8 subprogrammes of the new Department of Economic and Social Affairs (see A/52/303, paras. 7A.14-7A.53). Annex III to the Secretary-General's report describes the activities to be undertaken under section 7A, Economic and social affairs. The Committee requested the resource requirements of each subprogramme of the new Department for the biennium 1998-1999, but the information was not readily available. The Committee recommends that such information be presented to the General Assembly to facilitate the consideration and approval of the proposed programme budget for the biennium 1998-1999.

32. The Advisory Committee points out that the report of the Secretary-General does not describe fully the measures taken by the Secretariat in order to guarantee the implementation of the activities related to technical cooperation executed by the former Department for Development Support and Management Services. The Committee was informed that, according to the new structure, the activities related to technical cooperation would be executed by the substantive units of the new Department; according to representatives of the Secretary-General, this would permit field and analytical experience to be combined. Although the Committee received some information in this regard, it requests the Secretary-General to report on the specific distribution of resources devoted to the management and implementation of technical cooperation (including the regular programme under current section 21). Furthermore, the Advisory Committee stresses the need to maintain the capacity of the Organization to execute the technical cooperation programme and recommends that the staffing resources for those activities be kept under review.

33. The proposed staffing requirements of the Office of the Under-Secretary-General for Economic and Social Affairs are addressed in paragraphs 7A.11 to 7A.13 of the Secretary-General's report. In paragraph 7A.13, it is indicated that the Under-Secretary-General will be assisted in the exercise of his overall responsibilities for the management and coordination of the Department's work by an Assistant Secretary-General. For the reasons indicated in the report, the Committee has no objection to the establishment of the proposed new post of Assistant Secretary-General.

34. The corresponding proposed transfers of resources from sections 7, 9 and 10 to section 7A are as follows: (a) those from section 7, with the exception of the 23 posts (1 D-1, 4 P-5, 3 P-4, 5 P-3 and 10 GS) and related resources from the technical servicing area of the former Department for Policy Coordination and Sustainable Development, which are proposed for redeployment to section 1B, and a P-5 post that is proposed for transfer to the Office for Development Financing under section 1A; (b) those from section 9, with the exception of the post of the Under-Secretary-General, which is proposed for abolition; and (c) those from section 10, with the exception of 7 posts and related resources under executive direction and management (1 USG, 1 D-1, 1 P-4 and 4 GS), which are proposed for transfer to section 1B (see A/52/303, paras. 7A.9, 7A.11 and 7A.17).

35. As indicated in paragraphs 7A.59 and 7A.60, with regard to programme support requirements, the combination of the Executive Offices of the former Departments under sections 7, 9 and 10 into a new consolidated Executive Office under section 7A would result in staffing requirements of 14 posts (1 D-1,

2 P-5, 3 P-4/3 and 8 GS) in order to provide personnel, finance, resource planning and general administrative services to the organizational units of the Department. Thus, the merging of the offices would permit the overall reduction of 27 programme support posts (4 Professional and 23 General Service). The Advisory Committee notes that the proposal includes the reclassification of a P-5 post to the D-1 level. While the Committee has no objection to the proposed post reclassification and abolitions, it requests that this situation be monitored so as to ensure the capacity of the new Executive Office fully to carry out all the functions of the former Executive Offices in the three Departments.

36. The Advisory Committee requests the Secretary-General to provide complete information on the status of extrabudgetary posts assigned to the former three Departments. In that connection, the Advisory Committee understands that the procurement function of the former Department for Development Support and Management Services, which was carried out on an extrabudgetary basis, is to be transferred to the Procurement Division of the Department of Management, also on an extrabudgetary basis; the Advisory Committee requests the Secretary-General to provide all relevant information in this regard to the General Assembly.

Section 14. Crime control

37. Under section 14 of the proposed programme budget, the Secretary-General estimates revised regular budget requirements of $5,924,700 (before recosting) for the biennium 1998-1999 for the new Office for Drug Control and Crime Prevention, as compared with $5,411,300 in the initial proposal for the biennium 1998-1999 (see A/52/303, table 14.1).

38. The new Office for Drug Control and Crime Prevention comprises the Centre for International Crime Prevention (the former Crime Prevention and Criminal Justice Division) and the United Nations International Drug Control Programme (A/52/303, para. 14.1). The Advisory Committee requested an organigram of this new Office but it was not provided; it should be submitted to the General Assembly during its consideration of the proposed programme budget.

39. The Advisory Committee notes that two new posts (one P-5 and one P-4) are proposed to strengthen the Centre's capacity to deal with issues related to terrorism. Upon request, the Committee was provided with job descriptions for the two posts. The Committee has no objection to the establishment of the two new posts, but trusts that the addition of this new function will not have a negative impact on the activities of the Centre in other areas.

40. The Advisory Committee recalls that, in paragraph IV.63 of chapter II of its first report (A/52/7 (Chap. II, Part IV)), it indicated that, from the information provided, it believed that convincing arguments had not yet been stated in support of the redeployment of one D-1 post from the United Nations Office at Vienna to the Crime Prevention and Criminal Justice Division (now the Centre for International Crime Prevention). On the basis of the additional information provided, the Committee has no objection to the redeployment.

Section 22. Human rights

41. In paragraph 22.2 of the report of the Secretary-General (A/52/303), it is proposed to reclassify the post of the Head of the New York Office from the D-1 level to D-2. The Advisory Committee recommends acceptance of the Secretary-General's request. It notes from paragraph 22.5 of the report that it is proposed to reclassify a P-5 post in the Office of the United Nations High Commissioner for Human Rights to the D-1 level to serve as Special Assistant to the High Commissioner and to abolish two General Service posts. The Advisory Committee has no objection to the abolition of the two General Service posts. With regard to the post of Special Assistant to the High Commissioner, the Advisory Committee recommends against the reclassification.

Section 25. Humanitarian assistance

42. In paragraph 25.6 (a) of the report of the Secretary-General (A/52/303), under subprogramme 1, Policy and analysis, it is proposed to transfer demining activities, including the management of the Voluntary Trust Fund for Assistance in Mine Clearance, currently amounting to around $30 million, to the Department of Peacekeeping Operations. Upon enquiry, the Advisory Committee was informed that the transfer was effected on 13 October 1997. The Committee was also informed that the Department of Peacekeeping Operations would deal with the humanitarian aspect of demining. The Advisory Committee notes that there is no information on how this function would be implemented by the Department. It requested information, including an organigram, showing how this function would be implemented by the Department, but this information was not received; it should be provided to the Fifth Committee. The Advisory Committee also requests the Secretary-General to provide an indication of total resources (including staff) devoted to demining in the Department of Peacekeeping Operations. This information should be provided to the Fifth Committee at its current session. The Advisory Committee is also concerned about the appropriateness of the Department of Peacekeeping Operations dealing with the humanitarian aspect of demining, which is mainly connected with capacity-building. In that regard, the Committee recommends that the implementation of the function be monitored carefully.

43. The Advisory Committee trusts that, as indicated in paragraph 25.6 (b) of the report of the Secretary-General, adequate capacity will be maintained in the Geneva Office of the Emergency Relief Coordinator to maintain liaison with relevant specialized agencies and other organizations. In this connection, the Committee notes from the report that 12 regular budget and 40 extrabudgetary posts would remain in the Coordinator's Geneva Office.

44. With regard to the proposed provision of $2.3 million as a contribution to UNDP, as described in paragraph 25.7 of the Secretary-General's report, the Advisory Committee points out that this derives from the recommendation of the Secretary-General to transfer the Emergency Relief Coordinator's responsibilities related to the coordination of natural disaster mitigation activities to UNDP. As of the writing of this report, this recommendation has not yet been acted upon by the General Assembly. Upon enquiry, the Advisory Committee was informed that if the recommendation of the Secretary-General was

accepted, then, as indicated under subprogramme 3, Natural disaster reduction (see A/52/303, para. 25.6), the coordination of operational activities for natural disaster mitigation, prevention and preparedness, which are mainly capacity-building, including the Disaster Management Training Programme, would be transferred to UNDP and activities relating to the implementation of the International Decade for Natural Disaster Reduction under this subprogramme would remain the responsibility of the Coordinator.

45. The Advisory Committee was also informed that the amount of $2.3 million, which is equivalent to the cost of the nine posts under the regular budget that deal with capacity-building, would be transferred to UNDP as a one-time grant to enable UNDP to make the transition. The Committee is of the opinion that this matter needs to be clarified, since if it is decided that UNDP will carry out this function on behalf of the United Nations, then a permanent subvention would be needed; the effect on the medium-term plan of an adoption by the General Assembly of the Secretary-General's recommendation should also be explained. The nine regular budget posts under section 25 (see table 25.13 of the proposed programme budget) that deal with capacity-building and disaster management training (subprogramme 3) would be abolished. The Advisory Committee was further informed that the Trust Fund for Technical Cooperation Activities of the Department of Humanitarian Affairs, amounting to $12.4 million, would also be transferred to UNDP. It remains unclear to the Committee how the amount of $908,200 for national disaster reduction under current section 21 of the proposed programme budget (para. 21.40) would be managed, given the abolition of the nine posts. The Advisory Committee was further informed that the activities relating to the implementation of the International Decade for Natural Disaster Reduction, which are the only activities under subprogramme 3 not being transferred to UNDP, would be met exclusively from the Trust Fund for the International Decade for Natural Disaster Reduction, which amounts to $10.9 million and which would remain with the Office of the Emergency Relief Coordinator.

46. In connection with the statement in paragraph 25.7 of the Secretary-General's report concerning secondments from concerned United Nations agencies and non-governmental organizations, the Committee trusts that this will be carried out in full compliance with General Assembly resolution 51/243 of 15 September 1997 on gratis personnel.

Section 26. Communications and public information

47. As indicated in paragraphs 26.1 and 26.2 of the Secretary-General's report (A/52/303), the Department of Public Information will be transformed into an Office of Communications and Public Information to be headed at the Under-Secretary-General level, in order to ensure a strong central leadership for the direction and coordination of the new unified communications strategy. The Advisory Committee concurs in the proposal by the Secretary-General to reclassify the existing Assistant Secretary-General post to the level of Under-Secretary-General.

48. The Advisory Committee points out that the report of the Secretary-General should have contained a more complete description of those recommendations of

the task force on the reorientation of United Nations public information activities which, in the view of the Secretary-General, should be implemented and by what means. In this regard, the Advisory Committee recalls that it was informed (during its consideration of the proposed programme budget) that the Secretary-General was currently reviewing the conclusions and recommendations of the task force and would submit his report on the issue for consideration by the General Assembly at its fifty-second session.

49. The Committee notes from paragraph 26.4 of the report that the majority of the 62 posts proposed for abolition are Local level (51) and that their functions are in administrative rather than substantive areas. However, the Committee was informed that the specific details for the abolition of the 51 posts and the placement of the incumbents into the integrated offices (to the extent possible) have still not been worked out. While not objecting to the proposed abolition of posts under this budget section, the Advisory Committee trusts that the Secretary-General will ensure that the capacity for communications and public information of those integrated offices which would be affected by the abolition of local posts is not diminished. Bearing in mind that, as stated above, specific details have not yet been worked out, the Committee cautions that abolitions should not be implemented until the capacity of each integrated office to carry out the public information and communication functions has been assured.

Section 27A. Administration, Office of the Under-Secretary-General for Management

50. The Advisory Committee notes from paragraphs 27A.3 and 27A.4 of the Secretary-General's report (A/52/303) that the Department of Management would shift its emphasis to one of determining management policies and that significant areas of administrative processing and decision-making would be delegated to and carried out where operations take place. The Advisory Committee notes, however, that there has been no direct reduction in posts related to this shift in focus nor a consequent decrease in administrative responsibilities; as indicated to the Committee by representatives of the Secretary-General, the transfer of the 17 posts mentioned in paragraph 27A.1 relate to those being redeployed to provide a staffing complement for the Executive Office for the new Department of General Assembly Affairs and Conference Services.

51. Six additional posts have been proposed (two D-1, two P-5 and two General Service). The new structure of the Department, as proposed in paragraphs 27A.6 and 27A.7, would include a Management Policy Office, to be headed by a Director at the D-2 level with overall responsibilities for management reform and reporting. The D-2 post is proposed for redeployment from the former Financial Management Office, which would cease to exist as a separate office.

52. The Advisory Committee believes that the functions of the Office need to be carefully coordinated with the role of the Office of Internal Oversight Services, in particular its monitoring and evaluation functions, so as to avoid duplication within the Secretariat. The Committee also believes that the Management Policy Office should function as an integrated unit and, in view of

the size of the unit, recommends that the staffing component should comprise one D-2, one D-1, three P-5 and two General Service posts.

III. APPROPRIATIONS RECOMMENDED

53. In the following table the Advisory Committee presents its recommendation on the level of appropriation for each section of the proposed programme budget for the biennium 1998-1999, based on its consideration of the proposed programme budget[1] and the report of the Secretary-General (A/52/303). The Committee wishes to stress that in a number of instances it has, in the context of its observations and recommendations under chapter II of its first report on the proposed programme budget for the biennium 1998-1999, raised its concern with regard to the apparent lack of resources for a number of programmes and subprogrammes. The Advisory Committee has also indicated its concern with the widespread lack of justification for the abolition of posts (see chap. I of the Committee's first report on the proposed programme budget). While the Committee has not, in many instances, been in a position to quantify the resource implications of these concerns, it notes that, if concurred in by the General Assembly, they would be taken into account by the Secretary-General in the administration of the programme budget.

Comparative table of estimates as proposed by the Secretary-General and recommended by the Advisory Committee on Administrative and Budgetary Questions

(Thousands of United States dollars)

Budget section		Secretary-General's revised proposal (A/52/303)	Appropriation recommended by the Advisory Committee
1A	Overall policy-making, direction and coordination	41 704 300	42 219 100
1B	General Assembly affairs and conference services	458 119 600	469 185 900
2A	Political affairs	41 882 100	42 080 700
2B	Disarmament	12 254 200	12 254 200
3	Peacekeeping operations and special missions	99 478 900	99 172 100
4	Peaceful uses of outer space	4 428 900	4 428 900
5	International Court of Justice	22 077 000	22 077 000
6	Legal affairs	33 528 300	33 478 800
7A	Economic and social affairs	110 427 700	110 427 700
8	Africa: New Agenda for Development	5 443 000	5 443 000
11A	Trade and development	105 657 900	105 657 900
11B	International Trade Centre UNCTAD/WTO	21 973 400	21 973 400
12	Environment	9 304 400	9 304 400
13	Human settlements	13 206 600	13 206 600
14	Crime control	6 029 200	6 029 200
15	International drug control	16 372 000	16 372 000
16	Economic and social development in Africa	90 771 600	90 771 600
17	Economic and social development in Asia and the Pacific	73 408 100	73 408 100
18	Economic development in Europe	49 310 800	49 310 800
19	Economic and social development in Latin America and the Caribbean	90 245 500	90 245 500

Budget section		Secretary-General's revised proposal (A/52/303)	Appropriation recommended by the Advisory Committee
20	Economic and social development in Western Asia	49 704 800	49 704 800
21	Regular programme of technical cooperation	45 921 800	45 921 800
22	Human rights	46 138 700	46 121 700
23	Protection of and assistance to refugees	50 568 700	50 568 700
24	Palestine refugees	19 375 000	19 375 000
25	Humanitarian assistance	18 401 100	18 401 100
26	Communications and public information	139 009 000	139 009 000
27	Administrative services		
27A	Administration, Office of the Under-Secretary-General for Management	11 290 900	11 270 400
27B	Administration, Office of Programme Planning, Budget and Accounts	20 553 400	20 553 400
27C	Administration, Office of Human Resources Management	45 354 000	45 706 400[a]
27D	Administration, Support services	222 904 500	222 887 100[b]
27E	Administration, Conference services	-	-
27F	Administration, Geneva	112 860 100	112 860 100
27G	Administration, Vienna	34 415 600	43 326 900[c]
27H	Administration, Nairobi	11 891 400	11 891 400
28	Internal oversight	18 637 300	18 637 300
29	Jointly financed administrative activities	6 228 800	22 484 500[c]
30	Special expenses	53 720 800	53 720 800
31	Capital expenditures	35 893 400	35 893 400
32	Staff assessment	321 804 300	332 814 800
34	Development account	12 702 700	12 702 700[i]
	Total estimates of expenditure	2 582 999 800	2 630 898 200

Budget section		Secretary-General's revised proposal (A/52/303)	Appropriation recommended by the Advisory Committee
Estimates of income			
1	Income from staff assessment	[j]	340 115 400
2	General income	[j]	71 369 100
3	Services to the public	[j]	5 271 400
	Total estimates of income	[j]	416 755 900
	Total net expenditure		2 214 142 300

[a] Includes $627,000 for the transfer of posts for the secretariat of the Advisory Committee on Administrative and Budgetary Questions to the regular budget: see para. I.7, chap. II, of the first report of the Advisory Committee on the proposed programme budget for the biennium 1998-1999.

[b] Provisional, pending a decision by the General Assembly with regard to the recommendation to establish a post of Deputy Secretary-General.

[c] See the recommendation of the Advisory Committee on net budgeting below.

[d] Includes restoration of a P-3 post under subprogramme 7: see para. II.13, chap. II, of the Advisory Committee's first report on the proposed programme budget for the biennium 1998-1999.

[e] The Secretary-General has withdrawn his proposal to establish a P-4 post in the United Nations Military Observer Group in India and Pakistan; the amount reflects the consequent reduction in the estimates.

[f] Provisional: see para. IV.3, chap. II, of the Advisory Committee's first report on the proposed programme budget for the biennium 1998-1999.

[g] Includes restoration of P-4 and General Service (Other level) posts under section 27C: see para. VIII.34, chap. II, of the Advisory Committee's first report on the proposed programme budget for the biennium 1998-1999.

[h] Reflects the recommendation against reclassification of a D-1 to D-2: see para. VIII.117, chap. II, of the Advisory Committee's first report on the proposed programme budget for the biennium 1998-1999.

[i] See the recommendation of the Advisory Committee on the Development Account below.

[j] Not provided in the report of the Secretary-General (A/52/303).

IV. NET BUDGETING

54. The issue of net budgeting was discussed by the Advisory Committee in paragraphs I.43 to I.45 of chapter II of its first report on the proposed programme budget for the biennium 1998-1999 (A/52/7 (chap. II, Part I)). Subsequently, a report on net budgeting was submitted by the Secretary-General on 10 November 1997 (A/C.5/52/15). In the opinion of the Advisory Committee, the report of the Secretary-General is not responsive to the concerns raised in the Committee's first report on the proposed programme budget for the biennium 1998-1999. For example, in paragraphs 6 to 9 of his report, he fails to address the issue raised by the Advisory Committee in paragraph 45 of its first report that in order to advance funds to the International Civil Service Commission and the Joint Inspection Unit pending receipt of contributions from the participating agencies, the United Nations would need legal authority to exceed the amounts actually appropriated. Moreover, in the opinion of the Advisory Committee, paragraph 9 of the Secretary-General's report does not provide an adequate analysis of the requirements of the statutes of the Joint Inspection Unit and the International Civil Service Commission as requested by the Committee in paragraph 45 of its report. Under the circumstances, the Committee intends to revert to the issue of net budgeting early in its winter session for 1998. That being the case, the General Assembly may wish to defer taking a decision on the matter. Pending further consideration and taking into account the provisions of financial regulation 3.2 and financial rule 103.1, the Advisory Committee recommends that the Assembly restore the amounts "netted out"; the implications would be an addition of $11,066,300 under section 1B, General Assembly affairs and conference services, $8,911,300 under section 27G, Administration, Vienna, and $16,255,700 under section 29, Jointly financed administrative activities, offset by increases in the same total amount under income section 2, General income, of the proposed programme budget for the biennium 1998-1999. An additional amount of $10.9 million would be required under section 32, Staff assessment, offset by income of the same amount under income section 1, Income from staff assessment. This has been reflected in the table above.

V. DEVELOPMENT ACCOUNT

55. As can be seen in the table above, the Advisory Committee recommends an appropriation of $12.7 million in respect of the development account, as requested by the Secretary-General, to be placed provisionally in a new section 34. However, the Committee points out that the General Assembly has not yet acted upon the recommendation of the Secretary-General to establish such an account. The Advisory Committee is of the opinion that there are a number of issues related to the "dividend for development" that must be examined in detail, including those raised in paragraph 30 (c) of its first report on the proposed programme budget for the biennium 1998-1999. The information contained in the report of the Secretary-General in his report of 31 October 1997 (A/51/950/Add.5) is not sufficient for a detailed technical examination and the Advisory Committee understands that the Secretary-General will issue a detailed report in the near future. The Advisory Committee would revert to this matter, on the basis of that report, early in its winter session for 1998.

VI. PERSONNEL MATTERS

56. In paragraph 84 of chapter I of its first report on the proposed programme budget for the biennium 1998-1999,[3] the Advisory Committee requested information on the number of Assistant Secretary-General and Under-Secretary-General posts in the United Nations and its funds and programmes in 1987 as compared with 1997. Complete information in this regard has still not been received. Nevertheless, the Advisory Committee notes a tendency towards an increasing number of such positions. The Committee also recalls its statement on a decrease in the number of junior-level posts in paragraph 77 of chapter I of its first report;[3] it notes that this trend appears to continue and is distorting the grade "pyramid". The Committee therefore requests the Secretary-General to submit a report on the grading structure early in 1998, to include the information previously requested and provide the necessary analysis and justification for the numbers of posts at each level and the resultant organizational structure.

57. The Advisory Committee has been informed that the number of vacant posts is expected to continue to exceed the requirement to abolish posts. Under these circumstances, the Advisory Committee expects that every measure will be taken to avoid involuntary separation of staff. In this connection, it recalls its statements in paragraphs 27 and 28 of its second report on the programme budget for the biennium 1996-1997 (A/51/7/Add.1) that, in this regard, the Advisory Committee points out that the related repercussions, including financial ones, of involuntary separation may well outweigh potential savings for the budget. Moreover, decisions to effect involuntary separation of staff should be taken with due regard to the accountability of senior officials for the implications - financial and otherwise - of their actions, should those actions be subject to judicial or administrative review.

Notes

[1] Official Records of the General Assembly, Fifty-second Session, Supplement No. 6 (A/52/6/Rev.1).

[2] Ibid., Fifty-first Session, Supplement No. 6 (A/51/6/Rev.1 and Rev.1/Add.1).

[3] Ibid., Fifty-second Session, Supplement No. 7 (A/52/7).

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PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997

Third report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General of 25 August 1997 (A/C.5/51/57) on the issue of additional regular budget expenditures, including those relating to the maintenance of peace and security, inflation and currency fluctuation. The Secretary-General's report was prepared in response to the request of the General Assembly in its resolution 51/220 of 18 December 1996, for a comprehensive policy paper that would examine all issues related to the question of all additional expenditures referred to in paragraphs 10 and 11 of annex I to General Assembly resolution 41/213 of 19 December 1986 with a view to finding a comprehensive solution to such questions. During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

Additional expenditures relating to the maintenance of peace and security

2. In paragraphs 3 to 6 of his report (A/C.5/51/57), the Secretary-General deals with the question of additional expenditures relating to the maintenance of peace and security. The Advisory Committee points out that additional requirements relating to the maintenance of peace and security that are funded from the regular budget are currently treated through the mechanism of additional appropriations outside the scope of the contingency fund, in accordance with paragraph 11, annex I, of General Assembly resolution 41/213.

3. As can be seen from the table in paragraph 4 of the report, funds appropriated during the period from 1990 to 1997 for mandates relating to the maintenance of peace and security were relinquished in the context of the proposed programme budget, only to be sought again as additional appropriations in the context of revised estimates or statements of programme budget implications when the mandate was renewed or extended. The Advisory Committee

notes that additional requirements for the maintenance of peace and security have increased from $22.5 million during the biennium 1990-1991 to $57.9 million during the biennium 1996-1997.

4. As indicated in paragraph 6 of the Secretary-General's report of 14 August 1996 on the budget outline for the biennium 1998-1999 (A/51/289), a total provision of $85 million was included in the budget outline for the maintenance of peace and security in 1998-1999 to obviate the need for seeking additional appropriations as and when mandates of special missions were renewed or created in the course of the biennium. The amount included some $15 million for special missions, based on 1996-1997 appropriations. The General Assembly, in paragraph 7 of its resolution 51/220 on the budget outline for the biennium 1998-1999, decided not to include a provision for special missions for which there were no legislative mandates and deleted $70 million of the Secretary-General's request.

5. The Advisory Committee was informed by the representatives of the Secretary-General that even before the end of its current session, the Secretariat would submit for consideration by the General Assembly revised estimates of programme budget implications for a total of $80 to $90 million for the biennium 1998-1999 in connection with the operation of two special missions (the United Nations Verification Mission in Guatemala (MINUGUA) and Afghanistan) the mandates of which are expected to be renewed by the Assembly shortly. In addition, in his report of 25 November 1997 (A/C.5/52/24), the Secretary-General has requested an additional appropriation of $9.3 million (net of staff assessment) for the financing of five special missions during the biennium 1998-1999.

6. In paragraph 6 of his report of 25 August 1997 (A/C.5/51/57), the Secretary-General concludes that "biennium after biennium, there is a need for resources for such mandates. Consequently, it is not only desirable but prudent to make provision for such mandates up front". Accordingly, the Secretary-General offers the following two alternatives for making provisions for such mandates up front:

(a) To include a one-line provision in the budget outline and, subsequently, in the proposed programme budget. That amount would then be appropriated, but its utilization would be subject to individual legislative mandates and approval by the General Assembly as and when it approved or renewed such mandates;

(b) To modify the contingency fund to include mandates relating to peace and security.

7. The first alternative appears more suitable to the Secretary-General, since it would "provide for appropriations at the outset and obviate the need for additional appropriations in connection with the establishment or renewal of mandates" (ibid., para. 6). The Advisory Committee agrees with the Secretary-General, although given the unpredictable nature of special missions it points out that such an arrangement may not completely obviate the need for additional appropriations. Accordingly, the Advisory Committee recommends that the Secretary-General make provision in the outline for expenditure for missions

related to peace and security expected to be extended or approved during the course of the biennium. Such a provision would also be included in the proposed programme budget and would have to be explained and justified. Additional requirements would be dealt with in accordance with General Assembly resolution 41/213. If this view is endorsed by the Assembly, the Secretary-General should be requested to submit a technical proposal on the modalities for implementation. This technical report should examine, inter alia, the implication of budgeting and financing peace and security activities whose legislative mandate may be extended or approved in the course of the biennium in question. This should be submitted to the Assembly through the Advisory Committee by February 1998.

Additional expenditures deriving from inflation and currency fluctuation

8. In paragraphs 7 to 23 of his report (A/C.5/51/57), the Secretary-General provides background information on the question of additional expenditures deriving from inflation and currency fluctuation. The Advisory Committee points out that this question has been one of substantial interest for many years. The Committee's last extensive analysis of various aspects of additional expenditures deriving from inflation and currency fluctuation is reflected in its report of 9 December 1988 (A/43/929). The Committee points out that since the adoption of General Assembly resolution 41/213 no further decision has been taken by the Assembly to change existing procedures.

9. It is not clear to the Advisory Committee if the Secretary-General's conclusion in paragraph 8 of his report of 25 August 1997 (A/C.5/51/57) that "there has been no new development in terms of a solution" is based on a full analysis of developments taking place within the United Nations system.

10. The Advisory Committee points out that, in line with current budget procedure and methodology, provision is made in the Secretary-General's initial estimates for inflation in the biennium based on the assumptions at the time of the preparation of the estimates. The proposed programme budget is also based on assumptions with regards to currency rates that are expected to prevail in the forthcoming biennium. In accordance with existing procedures, these assumptions are updated by the Secretary-General prior to adoption of the budget by the General Assembly. The Advisory Committee recalls its observation in paragraph 23 of its report of 9 December 1988 (A/43/929) that no way had yet been found to control inflation or currency movements on a global basis or to predict those factors with absolute certainty. The effects of inflation and currency fluctuation could be minimized but the ways and means to do so were not without their attendant costs. At that time, the Committee had analysed various ideas of mitigating the impact of inflation and currency fluctuations, including "split" assessments, forward purchasing and the establishment of a reserve account, and observed that, given that there was an unavoidable cost to mitigating the effects of inflation and currency fluctuation, the Assembly might wish to consider a continuation of the present system whereby the estimate of requirements was adjusted annually on the basis of the latest forecast by the Secretary-General of inflation and exchange rates (ibid., para. 26).

11. At the same time, the Advisory Committee pointed out (ibid., para. 27) that, should the General Assembly decide to proceed with seeking a comprehensive

solution to the problem of all additional expenditures referred to in annex I, paragraph 10, of its resolution 41/213, the establishment of a reserve could be explored to cover additional requirements due to (a) currency fluctuation; (b) inflation in non-staff costs; and (c) statutory cost increases for staff. In paragraphs 28 to 30 of the report, the Advisory Committee set forth the principles for the operation of the reserve and observed that a complete set of procedures for the operation of the reserve and consequent changes to the United Nations Financial Regulations and Rules could be formulated by the Secretary-General and submitted for approval to the General Assembly at its forty-fourth session (para. 30).

12. In its resolution 43/214 of 21 December 1988, the General Assembly agreed to the concept of a reserve to cover additional requirements due to currency fluctuation, inflation in non-staff costs and statutory cost increases for staff, and requested the Secretary-General to formulate a set of procedures for the operation of the reserve fund. In response to that request, on 20 October 1989 the Secretary-General submitted a report on the establishment and operation of a reserve fund (A/44/665) in which he identified two possible ways to establish and fund, through assessed contributions, a reserve: either as a separate fund outside the programme budget or as a section within the programme budget.

13. The Advisory Committee recalls that in its related report of 16 November 1989 (A/44/729) it had expressed difficulty with the idea put forward by the Secretary-General of financing the fund from the outset through assessment, even before the need for recourse to it had been identified. The Committee had also pointed out that, on the basis of the proposal by the Secretary-General, Member States would not have, early in the budget process, a more precise idea of the final total amount to be paid than they had at that time and, in addition, they would have to pay in advance for requirements that might not materialize.

14. In paragraphs 27 and 28 of his report of 25 August 1997 (A/C.5/51/57), the Secretary-General outlines two possible courses of action to ensure greater predictability and to minimize, during any given biennium and to the extent possible, changes in the level of the programme budget resulting from currency fluctuation, inflation in non-staff costs and statutory cost increases for staff. The first alternative would be to absorb the costs of such increases, which, in view of the amounts involved, would lead to a significant erosion in the real volume of resources available in the programme budget. As can be seen from the table in paragraph 25 of the report, the changes in respect of inflation and currency fluctuation are quite significant: $193.2 million for the biennium 1994-1995 and $211.8 million for the biennium 1996-1997. The Advisory Committee shares the view of the Secretary-General that this alternative does not appear desirable. In this connection, the Committee notes that it asked the Secretariat for a breakdown of the increases and decreases attributable in recent bienniums to currency fluctuations, inflation in non-staff costs, and statutory increases for staff, respectively. Such a breakdown has been provided in the past (see A/44/665, para. 5), but was not received on this occasion. The Committee believes that this additional information is important and relevant and recommends that it be included in future reports on this subject by the Secretary-General. In addition, the

Committee requests information on the share of the United Nations budget disbursed in the principal currencies.

15. The second alternative would be the establishment of a reserve fund through assessed contributions as initially envisaged by the Secretary-General in his report to the General Assembly at its forty-fourth session (A/44/665). The Advisory Committee had already expressed its difficulty with advance assessments provided for under this alternative (see para. 13 above). The Committee points out that the report of the Secretary-General of 25 August 1997 (A/C.5/51/57) does not contain any essentially new information or proposals on additional expenditures resulting from currency fluctuations and inflation in respect of which the Advisory Committee had not commented in one form or another in the past.

16. The Advisory Committee points out that inflation and currency fluctuations have a considerable impact on expenditures and income in the United Nations budget. The Committee recalls its observation in paragraph X.28 of its first report on the proposed programme budget for the biennium 1998-1999 (A/52/7 (Chap. II, Part X)) that it was informed that if Member States were to pay their assessments in full and on time, the amount of interest earned could be increased by $25 million per year. The Advisory Committee is aware that the issue of timely payments of assessed contributions is considered by the General Assembly under the item entitled "Improving the financial situation of the Organization". The Committee trusts that its above views will be taken into account in that context.

17. The Advisory Committee concurs in the Secretary-General's conclusion that, under the circumstances, the current mechanism for dealing with inflation and currency fluctuation may still be the most appropriate. The Committee also requests that the Secretariat collect and maintain relevant data on inflation and currency fluctuations. The Committee trusts that every effort will be made to monitor developments, especially in the currency markets, with a view to minimizing the impact of fluctuations on the United Nations. For its part, the Advisory Committee intends to keep this matter under review and will follow up on system-wide developments in the context of fulfilling its responsibilities with regard to administrative and budgetary coordination with the specialized agencies and the International Atomic Energy Agency.

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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

Procurement reform

Fourth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions considered the report of the Secretary-General on procurement reform submitted pursuant to General Assembly resolution 51/231 of 13 June 1997 (A/52/534). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The Secretary-General's report provides information on the progress achieved since the previous report of 29 November 1997 (A/C.5/51/9).

3. The Advisory Committee recalls that as part of the reform process the existing arrangements were restructured and established as the Procurement and Transportation Division effective 1 January 1996 (ibid., chap. II). The Advisory Committee recalls that at the time of its consideration of that report, the Committee was informed that no changes were envisaged in the foreseeable future in the structure and organization of the Division. The Advisory Committee notes from paragraph 3 of the Secretary-General's report under consideration (A/52/534) that effective July 1997, to reflect more appropriately its procurement responsibilities, the Procurement and Transportation Division was renamed the Procurement Division; a separate service comprising the former Transportation Section, including the Travel and Traffic Units, was established as the Travel and Transportation Service. The Committee requested an explanation of the delineation of duties of the two entities.

4. The Advisory Committee was informed that the newly established Travel and Transportation Service had assumed the same functions as were previously carried

out by the Transportation Section in the former Procurement Division. The Procurement Division had, however, retained overall responsibility for all Headquarters and peacekeeping procurement requirements for various departments and offices (see annex).

5. With regard to integration of procurement activities at United Nations Headquarters as recommended by the Advisory Committee in its previous report and endorsed by the General Assembly in its resolution 51/231, the Advisory Committee notes from paragraph 7 of his report the Secretary-General's decision to consolidate, within the Procurement Division, effective 1 November 1997, the relevant functions of the Contracts and Procurement Office of the former Department for Development Support and Management Services. The Committee was informed, however, that the consolidation had been delayed; the Committee was not able to ascertain the reasons for the delay nor a likely future date for the consolidation. The Committee enquired about the budgetary implications of consolidating the functions and was informed that since the Department for Development Support and Management Services procurement function was financed on an extrabudgetary basis, there would be no impact on the regular budget of its transfer to the Department of Management.

6. The Advisory Committee notes the information with regard to the supplier roster provided in paragraphs 16 to 27 of the Secretary-General's report. From the figures given in paragraph 23 of the report, it appears that the Division is resorting increasingly to competitive bidding and that exceptions to the procedure have decreased. The Advisory Committee welcomes this development. The Committee also notes the information provided in paragraphs 24 and 25 of the report with regard to the treatment of exigency needs and further tightening of the administration of letters of assist in compliance with the recommendations of the Board of Auditors. The Advisory Committee notes that the elaborated list of exigencies as well as the revised guidelines for the administration of letters of assist are expected to be ready by March 1998.

7. In this connection, the Advisory Committee notes from annex II to the Secretary-General's report that a number of issues are targeted for completion during 1998. The Committee believes that while considerable progress has been made in the procurement process, implementation of a number of procedures is still outstanding. It trusts that every effort will be made to adhere to the schedule as indicated in annex II to the report.

8. With regard to the revised procurement manual, the Advisory Committee notes from paragraph 14 of the Secretary-General's report that the manual would take into account the procurement reform policies, procedures and instructions and that some of these would require revisions to the Financial Regulations and Rules of the Organization. In this regard, the Advisory Committee recommends that the Secretariat submit, as early as possible, to the Advisory Committee and to the General Assembly proposals for those regulations which the Secretariat believes would need to be revised or amended.

9. The Advisory Committee points out that on several occasions in the past the Secretariat has indicated that changes in the Financial Regulations and Rules of the United Nations would provide it with the necessary flexibility required to

operate procurement and other activities more efficiently. That being the case, it is essential that the Secretariat submit specific proposals urgently.

10. The Advisory Committee notes from paragraph 33 of the report that there has been progress in reducing the number of ex post facto and partial ex post facto cases. As indicated in paragraph 34 of the report, some of the cases processed during 1997 related to cases initiated prior to 1996 and efforts were being made to reduce ex post facto cases to an absolute minimum. The Advisory Committee draws attention to its comments on the subject in its report of 4 December 1996 (A/51/7/Add.3 (para. 18)) that local contract committees should be given the authority where necessary to approve cases, while the role of the Headquarters Committee on Contracts should be to evaluate the appropriateness of the local committees' actions in such instances.

11. With regard to delegation of authority, the Advisory Committee notes from paragraph 28 of the Secretary-General's report that the thresholds for the delegation of procurement authority under the terms of financial rules 110.17 and 110.19 for Headquarters and for offices and missions away from Headquarters were revised and implemented effective 15 August 1996. Annex IV to the report provides further details.

12. On enquiry, the Committee was informed that delegation of authority did not necessarily reduce the workload of the procurement officers as processing of the orders had still to be undertaken, although only cases over the $200,000 threshold were to be forwarded by the Procurement Division to the Headquarters Committee on Contracts. However, the Advisory Committee notes from paragraphs 30 and 31 of the report that there has been a significant reduction in the number and dollar value of cases submitted to the Headquarters Committee on Contracts; the reduction has been attributed in part to the revised thresholds as well as to the fact that no new large operations have been mandated, whereas several existing peacekeeping missions have been reduced in size. Under the circumstances, the Committee questions the assertion that workload has not been affected; indeed, there should have been a significant reduction in workload related to all procurement activities from all sources of funds.

13. The Advisory Committee enquired as to the decrease in the number of posts in the Professional category (29 as reflected in paragraph 8 of the Secretary-General's report under consideration as compared with 32 as reflected in the Advisory Committee's report (A/51/7/Add.3, para. 20)). The Advisory Committee was informed that the reduction was due to the transfer of three posts to the Travel and Transportation Service. The Committee notes from paragraph 8 of the report that vacancies within the Division are in the process of being filled. On enquiry, the Committee was informed that at the time of consideration of the report, there were four vacant posts in the Professional category.

14. On enquiry, the Advisory Committee was informed that the International Tribunals for the Former Yugoslavia and for Rwanda had their own Procurement Units, which had delegation of authority to procure goods and services locally. During 1996 and 1997, certain items that could not be procured by them had been obtained by the Procurement Division. The dollar value of the transactions had

totalled $895,073; a purchase order for vehicles for the International Criminal Tribunal for Rwanda was currently in progress, as was the Procurement Division's direct involvement in advising the Tribunal on the construction of a second courtroom, with expenditure in the range of $1 million. The Advisory Committee was informed that, in accordance with established procedures, from time to time the Tribunals submitted their presentations to the Procurement Division for the review and advice of the Headquarters Committee on Contracts; on other occasions, the Division provided advice and guidance on matters such as the preparation of invitations to bid and/or requests for proposals, policies, procedures, and so on. The Division's service to the Tribunals for actual procurement, review and presentation of cases to the Headquarters Committee on Contracts and other guidance and advice on procurement matters had been provided within its existing resources.

15. The Advisory Committee notes the information in paragraph 8 of the report with regard to the use of gratis personnel. The Advisory Committee commented extensively on this subject in its report on procurement reform (A/51/7/Add.3, para. 20), as well as in its first report on the proposed programme budget for the biennium 1998-1999 (A/52/7 (chap. II, Part VIII)). On enquiry, the Advisory Committee was informed that the five gratis personnel in the Procurement Division were on secondment from their Governments against agreements whose expiration dates ranged from February 1998 to July 1999. The Advisory Committee trusts that the provisions of General Assembly resolution 51/243 of 15 September 1997 will be applied.

16. With regard to the reclassification of a D-1 post to the D-2 level as indicated in paragraph 10 of the Secretary-General's report, the Advisory Committee was not provided with sufficient additional information and justification to support the request. Under the circumstances and bearing in mind what is stated in paragraph 12 above, the Committee is not in a position to recommend acceptance of the reclassification. In this connection, the Committee regrets the absence of the appropriate officials to provide the explanations required by it.

ANNEX

1. Functions and responsibilities of the Procurement Division

1. The Procurement Division is responsible for the procurement of a wide range of supplies, equipment, services, external printing services and shipping services for all Headquarters offices, peacekeeping and other field missions, regional economic commissions and international criminal tribunals. The range of commodities and services shown in annex I to the Secretary-General's report of 27 October 1997 (A/52/534) are indicative but not exhaustive. The Division is responsible for the formulation of policies and procedures pertaining to worldwide and local procurement, collecting information on market conditions in the respective mission areas and participating in needs assessment and technical survey missions to determine the availability of goods and services that can be bought locally. It evaluates supplier applications for registration in its supplier database. It reviews specifications submitted by substantive offices, prepares bid documents, evaluates proposals, recommends awards of contracts to the Headquarters Committee on Contracts, negotiates terms and conditions and prepares, executes and administers contracts. It expedites deliveries and arranges shipment of goods purchased.

2. Functions and responsibilities of the Travel and Transportation Service

2. The Travel and Transportation Service arranges and monitors the transportation, accommodation and routing of all travel undertaken at United Nations expense and the shipment of household goods and personal effects to and from locations worldwide. Major travel- and transportation-related reporting to the various United Nations bodies, including the General Assembly, is prepared and coordinated by the Service. It issues United Nations travel documents for staff of the United Nations and the specialized agencies, coordinates the issuance of host country visas, reports all personnel changes at Headquarters to the host country and makes policy recommendations on all travel and transportation issues to the Assistant Secretary-General/Office of Central Support Services. It also manages all official vehicles at Headquarters, controls the provision of office supplies to the Organization and the receipt of goods and equipment. The Service administers contracts entered into by the Procurement Division and maintains liaison with contractors for the provision of travel services and the shipment of personal effects and stationary items.

3. The establishment of the Travel and Transportation Service has assumed exactly the same functions as were previously carried out by the Transportation Section of the former Procurement and Transportation Division. The Division has overall involvement and responsibility for all Headquarters and peacekeeping procurement requirements for various departments and offices. Accordingly, the Division is fully responsible for reviewing specifications, calling for bids, making presentations to the Headquarters Committee on Contracts, negotiating terms and conditions, drafting and executing of all service contracts administered by the Travel and Transportation Service, as well as the procurement of all its equipment, supplies and service needs.

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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

Office accommodation at the Palais Wilson

Fifth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions considered the report of the Secretary-General of 14 November 1997 on office accommodation at the Palais Wilson in Geneva (A/C.5/52/19). The report seeks the concurrence of the General Assembly for the acceptance of the proposal of the Swiss Federal Council to place at the disposal of the United Nations office accommodation at the Palais Wilson. During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information.

2. As indicated in paragraph 3 of the report of the Secretary-General, the building would be provided rent-free, initially for the period from 1998 to 2000, with the intention of maintaining that arrangement indefinitely. Under the proposal, the building would be managed by the Fondation des immeubles pour les organisations internationales, which would be responsible for building and technical service installations (maintenance, renovation and repairs). The United Nations Office at Geneva would be responsible for the payment of those services, at the fixed rate of SwF 78 (or approximately $54) per square metre per year, until the end of the year 2000. The Advisory Committee was informed that it was anticipated that this maintenance fee of SwF 78 would remain constant for the first five-year period of occupancy. However, beyond the fifth year, it was expected that certain technical installations might have to be overhauled and, consequently, an increase of 5 to 10 per cent in the maintenance fee was expected during the second five-year period of occupancy. The Advisory Committee requests the Secretary-General to indicate in his next report how this maintenance fee compares with commercial maintenance rates for such services at similar locations.

3. As indicated in paragraphs 21 and 23 of the report, the total cost of the move to the Palais Wilson for the biennium 1998-1999 would amount to $6,050,000, of which $3,920,000 ($2,990,000 for a number of one-time costs and $930,000 for maintenance costs) would be covered by the Swiss authorities and the balance of $2,130,000 from resources of the United Nations. The Advisory Committee was informed that, on 1 December 1997, the Swiss Federal Council had decided to release an amount of SwF 4 million for the financing of the one-time structural costs referred to above. A breakdown of the one-time and the recurrent costs is provided in paragraphs 7 to 20 and in the table in paragraph 24 of the Secretary-General's report. The Advisory Committee notes (para. 23) that no additional resources are requested for the biennium 1998-1999, but that the recurrent costs associated with the maintenance and operation of the building would be included in the provisions of the proposed programme budget under section 27F, Administration, Geneva.

4. With regard to the agreement with the Swiss authorities, as indicated in paragraph 3 of the report:

> "This agreement is yet to be established to take into account practical and other arrangements regarding the proposed move of the Office of the United Nations High Commissioner for Human Rights to the Palais Wilson, which is still under discussion with the Swiss authorities."

The Committee was informed that the Office of Legal Affairs of the Secretariat had reviewed the model lease agreement used by the Fondation des immeubles pour les organisations internationales and that it was anticipated that the United Nations comments and observations would be accommodated by the Fondation in the final text of the agreement.

5. As indicated in paragraph 4 of the report, the Palais Wilson contains sufficient space for the office accommodation and conference space needs of the Office of the High Commissioner; moreover, it is anticipated that the building could be occupied by mid-April 1998. In that connection, the Advisory Committee sought clarification and requested information on the current office space of the Office of the High Commissioner and requirements foreseen in 1998-1999. The Committee was informed that the office space to be released by the Office of the High Commissioner at the Palais des Nations was about 3,000 square metres (see annex I). Information on the overall space that would be available to the United Nations at the Palais Wilson, as provided to the Committee, is shown in annex II. In this connection, the Committee notes that an analysis has not yet been made of the space requirements of the Office of the High Commissioner in relation to the overall space to be made available at the Palais Wilson. In preparing this analysis, the Committee believes that the possibility of accommodating other United Nations units should be explored specifically.

6. The Advisory Committee notes that the proposal includes the provision of conference facilities and related equipment at the Palais Wilson, amounting to $1.5 million (A/C.5/52/19, para. 7). As indicated in the table in paragraph 24 of the report, such costs would be met by the Swiss authorities from the amount of SwF 4 million, mentioned in paragraph 3 above. The Committee notes that a conference room currently exists with a capacity of 100 to 120 places. Two additional conference rooms are proposed at the Palais Wilson for conference

requirements of the Office of the High Commissioner (one with a seating capacity of 100 to 120 places and the other with a capacity of 60 to 80). It is envisaged that, because of space considerations, the two additional rooms would operate via remote interpretation from the Palais des Nations (para. 7).

7. The Advisory Committee recalls that, in connection with its examination of the proposed programme budget for the biennium 1998-1999, it was informed (A/52/7 (Chap. II, Part VI, para. VI.11)):

> "The Secretary-General estimated a total of 1,488 meetings of intergovernmental organs. The Committee points out that the human rights programme has given rise to a complex intergovernmental machinery. It is the view of the Committee that the time has come for the Commission to come up with a more pragmatic meeting programme for the various subcommissions, committees and other groups and that consideration should be given to holding some meetings every other year instead of annually."

Under the circumstances, the Advisory Committee believes that there is a need for further analysis in connection with the proposal to build additional conference facilities at the Palais Wilson. In the Committee's view, it should be demonstrated that the conference facilities at the Palais des Nations would remain fully utilized and cost effective.

8. The move to the Palais Wilson would increase the space available at the Palais des Nations. According to the Secretary-General, this, in turn, would enable the rationalization and consolidation of existing operations within the Palais des Nations or the Geneva Executive Centre and, thereby, the closure of the Petit Saconnex annex (A/C.5/52/19, para. 4). The Committee was provided with information on the current occupants of Petit Saconnex and their foreseen places of relocation (see annex III).

9. As indicated in paragraph 22 of the report, the proposed move to the Palais Wilson would be accompanied by the closure of the Petit Saconnex annex. The resources originally intended for the Petit Saconnex location would be utilized to cover the costs related to the Palais Wilson. The estimated amount to be transferred in this regard would be $705,000 for the biennium 1998-1999. It was not clear to the Advisory Committee whether the proposed move of the Office of the High Commissioner to the Palais Wilson was the result of a careful cost-effective analysis or if it was due to the offer from the Swiss authorities, or both.

10. In the Committee's opinion, there are many elements of the recurrent costs that need further explanation and rationalization. For example, the Committee does not believe that the previous "shuttle bus" arrangements between the Petit Saconnex location and the Palais de Nations should automatically be transferred to the new location at the Palais Wilson at a cost of $100,000. Similarly, the services of an audio (conference equipment) technician could be provided within existing resources if it is determined that there is not a need to build additional conference room facilities at the Palais Wilson (see para. 7 above) and, in general, the costs of maintenance, renovation, repairs and cleaning ($1,195,000) appear high.

11. The Advisory Committee notes from paragraph 21 and the table in paragraph 24 of the report of the Secretary-General that the costs to be covered by the United Nations for the biennium 1998-1999, amounting to $2,130,000 (see para. 3 above), are to be absorbed through redeployment of existing and projected United Nations resources and contributions from extrabudgetary operations occupying the space vacated by the Office of the United Nations High Commissioner for Human Rights. The Committee points out, however, that not all extrabudgetary sources and potential new tenants who will occupy the space released by the movement of staff of the Office of the High Commissioner to the Palais Wilson have been identified.

12. Taking into account its observations in paragraphs 4 and 7 to 9 above, the Advisory Committee is of the view that many elements of the proposal remain to be completed. The Committee therefore recommends that the General Assembly take note of the report of the Secretary-General and, bearing in mind the needs of the Organization and cost effectiveness, encourage the Secretary-General to continue his negotiations with the Swiss authorities with regard to the offer of the Palais Wilson and to report to the Assembly for a final decision.

ANNEX I

Space released by the Office of the United Nations High Commissioner for Human Rights

Location/floor	Surface area (Square metres)	To be occupied by	Rent
Building D/Ground floor/basement	324.30	United Nations Compensation Commission[a]	[a]
Building D/1st	344.50	United Nations Compensation Commission[a]	[a]
Building D/2nd	344.50	United Nations Compensation Commission [a]	[a]
Building D/3rd	331.70	United Nations Compensation Commission [a]	[a]
Building D/4th	344.50	Joint Inspection Unit	Free
Building D/5th	344.50	Joint Inspection Unit	Free
Building A/5th	451.30	United Nations Institute for Disarmament Research	Free
Building A/8th	409.80	Free[b]	-
Building C/5th	133.60	Free[b]	-
Total	3 028.70		

[a] As indicated earlier, the United Nations Compensation Commission will pay rent and reimbursement towards utilities and other costs.

[b] Occupancy to be determined.

ANNEX II

Proposed use of space at the Palais Wilson

Description	Square metres[a]
Office space to be occupied by the Office of the United Nations High Commissioner for Human Rights	4 200
Conference rooms - ground and first floors	550
First basement - storage, few offices	1 200
Second basement - maintenance and technical areas	1 200
Four small meeting rooms/delegates lounge - ground floor	320
Entrance hall - ground floor	270
Cafeteria - ground floor	240
Corridor space, stairways and security - all four floors and ground floor	2 000
Toilets and technical/maintenance installations - all floors	250
Total	10 230

[a] Approximate figures.

ANNEX III

Current occupants of the Petit Saconnex annex

Services	Surface area (square metres)	Responsible for relocation	Relocation to	Relocation costs borne by[a]
United Nations Research Institute for Social Development	960.3	United Nations Office at Geneva	[b]	Free
United Nations Institute for Training and Research	565.2	United Nations Institute for Training and Research	Geneva Executive Centre	United Nations Institute for Training and Research
United Nations Non-Governmental Liaison Service	164.0	United Nations Office at Geneva	Palais	Free
Department of Humanitarian Affairs	1 115.5	United Nations Office at Geneva	Palais[c]	Free
Federation of International Civil Servants' Associations	147.6	United Nations Office at Geneva	[b]	Free
International Computing Centre	16.4	International Computing Centre	[b]	International Computing Centre
Council of Non-Governmental Organizations in Consultative Status with the Economic and Social Council	62.7	Council of Non-Governmental Organizations in Consultative Status with the Economic and Social Council	[b]	Council of Non-Governmental Organizations in Consultative Status with the Economic and Social Council
International Decade for Natural Disaster Reduction	393.6	United Nations Office at Geneva	Palais	Free
United Nations Conference on Trade and Development	419.1	United Nations Office at Geneva	Palais	Free
Department for Development Support and Management Services	344.4	United Nations Office at Geneva	[b]	Free
Statistics Division	131.2	United Nations Office at Geneva	[b]	Free
World Federation of United Nations Associates	196.8	United Nations Office at Geneva	[b]	Free
Information Systems Coordination Committee	196.8	United Nations Office at Geneva	Palais	Free
Electronic Services Section	98.4	United Nations Office at Geneva	Palais	Free
General Services	95.8	United Nations Office at Geneva	Palais	Free

[a] It is the understanding of the Organization that as regards relocation costs indicated as "Free", the move from Petit Saconnex to the United Nations Office at Geneva will be considered in the same context as the move from the United Nations Office at Geneva to the Palais Wilson, which is to be borne by the Swiss authorities.

[b] Still to be determined.

[c] Subject to restructuring of the Department of Humanitarian Affairs.

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PROGRAMME BUDGET FOR THE BIENNIUM 1996-1997

Extension of the premises of the International Court of Justice

Draft Supplementary Agreement between the United Nations and the Carnegie Foundation concerning the use of the Peace Palace at The Hague

Sixth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions considered the report of the Secretary-General of 12 November 1997 on the draft Supplementary Agreement between the United Nations and the Carnegie Foundation concerning the use of the Peace Palace at The Hague (A/C.5/52/16). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information.

2. Under the Supplementary Agreement, the United Nations and the Carnegie Foundation would agree that articles II and IV of the Agreement between the United Nations and the Foundation would be amended, as indicated in the annex to the report of the Secretary-General. The proposed amendment to article II of the Agreement would cause a change in the amount stated therein from f. 100,000 to f. 1,843,582 net and would introduce a qualification that the agreed amount was subject to annual increases relating only to inflation. The proposed amendment to article IV pertains primarily to a revision in the number of rooms made available to the Court (A/C.5/52/16, paras. 5 and 6).

3. The Advisory Committee recalls that the last supplementary agreement entered into by the United Nations and the Carnegie Foundation was approved by the General Assembly under the terms of its resolution 1343 (XIII) of 13 December 1958, by which the annual contribution was increased to f. 100,000 (or approximately $57,143 at the rate of f. 1.75 to $1), with effect from 1 January 1959, as a consequence of increased costs of maintenance of the Peace

Palace. Thereafter, the subsequent increases in the United Nations contribution were approved by the General Assembly on the basis of increases attributable to inflation and without the conclusion of supplementary agreements (A/50/7/Add.11, para. 19).

4. For 1997, the total annual contribution payable by the United Nations to the Carnegie Foundation was estimated at f. 1,843,582 (or approximately $1,053.475 at the rate of f. 1.75 to $1). This amount comprised f. 1,263,582 (or approximately $722,047 at the rate of f. 1.75 to $1) for operational expenses corresponding to the space of 7,736 square metres provided to the Court by the owner and administrator of the Peace Palace, the Carnegie Foundation, and f. 580,000 (or approximately $331,428 at the rate of f. 1.75 to $1), corresponding to the contribution for the additional premises of 3,987 square metres, (ibid., para. 18).

5. As indicated in paragraphs 7 and 9 of the report of the Secretary-General, in its resolution 50/215 A of 23 December 1995, the General Assembly appropriated $331,400 for the biennium 1996-1997 to provide for additional accommodation for the Court; furthermore, in its resolution 51/221 A of 18 December 1996, the Assembly approved the deduction of $78,100 from the contribution payable by the United Nations to the Carnegie Foundation, as the Foundation had assented to a one-time reduction, effective 1 January 1997. Consequently, the provision for the enlarged premises of the Court stands at $253,300 for the biennium 1996-1997.

6. The Advisory Committee notes that, in a letter dated 23 January 1997, the Carnegie Foundation informed the Secretary-General that the enlarged premises had been made available to the Court as from 1 January 1997 and assumed that the Supplementary Agreement between the United Nations and the Foundation had in fact entered into force on 1 January 1997 (A/C.5/52/16, para. 8). Subsequently, in letters of 11 September and 30 October 1997, the Carnegie Foundation concurred that the base amount of the annual payment (f. 1,843,582) indicated in the draft Supplementary Agreement should remain unchanged for at least five years (ibid.). Thus, for the biennium 1998-1999, the base amount of f. 1,843,582 would be increased at the annual inflation rate of approximately 2.5 per cent to a total of f. 3,826,585 (f. 1,889,671.60 for 1998 and f. 1,936,913.40 for 1999) (ibid., para. 9).

7. The Advisory Committee recalls that it had previously requested clarification on the index of inflation to be used (A/50/7/Add.11, para. 19). In that connection, the Committee recalls that during its examination of the proposed programme budget for the biennium 1998-1999, it was informed (A/52/7 (chap. II, Part III), para. III.9):

> "The [inflation] rate was based on price and wage data from the Central Plan Bureau (Netherlands Bureau for Economic Policy Analysis), in particular, the cost of government consumption, which integrates two components: wages and salaries of government employees and the cost of public administration buildings. The Bureau estimated price increases for public administration buildings of 2.8 per cent for 1997 and 2.5 per cent for 1998, while for private enterprise buildings the estimated price increase is 2.5 per cent for both 1997 and 1998."

8. The Advisory Committee reiterates its view that the inflation rate applicable to the annual contribution paid by the United Nations to the Carnegie Foundation for the use of the premises in the Peace Palace should be subject to review by the Committee and approval by the General Assembly each time an increase is requested. Under the circumstances, the Committee recommends approval of the draft Supplementary Agreement between the United Nations and the Carnegie Foundation concerning the use of the Peace Palace at The Hague.

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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

Revised estimates in respect of matters of which the Security Council is seized

Seventh report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General of 25 November 1997 on revised estimates in respect of five good offices and peacemaking missions of which the Security Council is seized: Office of the Representative of the Secretary-General in Cambodia, United Nations Political Office for Somalia, Office of the Special Envoy of the Secretary-General in Sierra Leone, United Nations Peace-building Support Office in Liberia and United Nations Office in Burundi (A/C.5/52/24). During its consideration of the matter, the Committee met with representatives of the Secretary-General who provided additional information.

2. The Advisory Committee notes that the report of the Secretary-General is being submitted in the context of actions taken by the Security Council regarding good offices, peace-making and preventive diplomacy. As indicated in paragraph 1 of that report, resources related to such missions have been provided for under the commitment authority granted by the General Assembly to the Secretary-General in its resolutions on unforeseen and extraordinary expenditures relating to the maintenance of peace and security.

3. As indicated in paragraph 2 of the report of the Secretary-General, the continuity of those activities as well as the repetition of their mandate renewals is such that they would appear to fall fully within the spirit of provisions of annex I to General Assembly resolution 41/213 of 19 December 1986 relating to political activities of a "perennial" character whose mandates are renewed annually. The Advisory Committee sought confirmation of the perennial nature of those mandates as well as details on renewal or review by the Security Council and requested information on the status of the mandate of each mission

(including when the mission was established). The requested information has not been received in its entirety; the Advisory Committee requests that it be given to the Fifth Committee during its consideration of the matter and that in future it be provided together with the related budget estimates.

4. The Advisory Committee is of the opinion that a number of missions referred to in the report of the Secretary-General of 25 November 1997 deal, inter alia, with post-conflict peace-building. In this connection, the Committee recalls the provision of General Assembly resolution 47/120 B of 20 September 1993, section V, paragraph 4, which "stresses that activities related to post-conflict peace-building should be carried out within a well-defined time-frame".

5. The Advisory Committee recalls that the General Assembly, in its resolution 47/120 A of 18 December 1992, recognized the role of the General Assembly and the Security Council in matters relating to peace and preventive diplomacy. The Committee also recalls paragraph 2 of its report of 5 December 1997 (A/52/7/Add.2), in which it pointed out that additional requirements relating to the maintenance of peace and security that are funded from the regular budget are currently treated through the mechanism of additional appropriation outside the scope of the contingency fund, in accordance with Assembly resolution 41/213, annex I, paragraph 11.

6. The Advisory Committee notes from paragraph 18 and table 1 of the report of the Secretary-General of 25 November 1997 (A/C.5/52/24) that the total cost of these missions is estimated at $9,315,100 net. During the consideration of the report, the Committee was informed that the amount of $9,315,100 did not include the amount of $87,600 relating to an interim cost-of-living bonus paid to local staff in Burundi (see para. 12 below). The Committee points out that the report of the Secretary-General should have contained detailed information on expenditure in 1996-1997 together with a justification for any increase. Expenditure data for the five missions was requested by the Committee and is provided in the annex below.

7. If the procedure recommended by the Advisory Committee in paragraph 6 of its report of 5 December 1997 (A/52/7/Add.2) is accepted by the General Assembly, then the related requirements would first be included in the proposed budget outline and subsequently presented in the proposed programme budget. The Committee requests that at the time of its consideration of the budget, additional information be supplied to it along the lines of reports on the financing of peacekeeping operations (the current report of the Secretary-General on the United Nations Verification Mission in Guatemala (A/C.5/52/21) is a good example of what the Committee would expect).

8. The Advisory Committee notes from paragraph 19 of the report of the Secretary-General of 25 November 1997 that the amount of $9,315,100 net is requested under section 3, Peacekeeping operations and special missions, of the proposed programme budget for the biennium 1998-1999. Upon enquiry, the Committee was informed that while the Department of Political Affairs will have the overall responsibility for these missions, the Field Administration and Logistics Division of the Department of Peacekeeping Operations will be responsible for their operational aspect. The Committee recalls that in paragraphs II.8 and II.9 of its first report on the proposed programme budget

for the biennium 1998-1999 (A/52/7 (Chap. II, Part II)) and paragraph 23 of its second report (A/52/7/Add.1) on the report of the Secretary-General of 11 September 1997 (A/52/303), it pointed out that efforts should be made to avoid duplication and overlapping between the Department of Political Affairs and the Department of Peacekeeping Operations. In this connection, the Committee requests the Secretary-General to review the matter, including, inter alia, the question of where these expenses should be budgeted, and to report to the General Assembly in the context of the proposed programme budget submission for the next biennium.

9. As indicated in table 1 of the report of the Secretary-General of 25 November 1997 (A/C.5/52/24), the cost estimates in the cases of missions in Cambodia, Sierra Leone, Liberia and Burundi are for 1998 only, and in the case of the mission for Somalia they cover 1998-1999. Upon enquiry, the Advisory Committee was informed that the periods assumed were based on the Secretary-General's judgement as to the expectation of continuity of the missions.

10. The Advisory Committee notes from table 2 of the report of the Secretary-General of 25 November 1997 that the proposed staffing table comprises 71 positions financed through general temporary assistance (39 international and 31 local staff and 1 military observer). Upon enquiry, the Committee was informed that the proposed staff resources reflect an overall increase of 15 positions over the level for 1997.

11. As indicated in table 1 of the report of the Secretary-General, the total cost estimates for 1998-1999 for 71 positions amount to $7,046,600 (net of staff assessment), not including the amount of $87,600 relating to an interim cost-of-living bonus paid to local staff in Burundi (see para. 12 below). The Advisory Committee understands that this estimate is based on full occupancy of all posts throughout the biennium. In the opinion of the Committee, this is not likely to be the case and savings should arise.

12. With regard to the United Nations Office in Burundi, the Advisory Committee notes from paragraph 1 (a) of annex V to the report of the Secretary-General of 25 November 1997 that local staff are paid an interim cost-of-living bonus of 79.22 per cent as well as a hazard duty station allowance at 20 per cent of the mid-point local salary scale. Upon enquiry, the Committee was informed that the bonus that was approved following a comprehensive salary survey carried out by the United Nations Development Programme was being paid for a period of six months, from 1 July to 31 December 1997, and would be reviewed at the end of the six-month period. The Committee was also informed that the related cost ($87,600) of the bonus, equivalent to 79.22 per cent, was inadvertently excluded in the estimates.

13. In connection with premises, it is not clear to the Advisory Committee that there has been a concerted effort to take advantage of the presence of various United Nations entities in these locations to use common premises. The Committee requests that, in future, the extent to which the principle of common use of premises is being implemented should be indicated.

14. In the case of transport operations, the Advisory Committee believes that in some cases there is an excess of vehicles as compared with the staff

establishment, and trusts that the use of vehicles will be authorized in strict compliance with existing United Nations procedures. Upon enquiry, the Committee was informed that in Burundi, three of the vehicles were being used as spare parts. In this connection, the Committee notes that the estimates for insurance and maintenance, petrol and oil lubricants were based on all 23 vehicles shown for Burundi (A/C.5/52/24, annex V, para. 4). In view of this, the representatives of the Secretary-General indicated that the estimate under this item could be reduced by a total of $24,700, from $125,500 to $100,800.

15. Provision is made for air operations for Sierra Leone ($240,000), for Liberia ($100,000) and for Burundi ($82,400). Upon enquiry, the Advisory Committee was informed that the 1996-1997 estimated expenditure for rental of aircraft in the case of Burundi amounted to $122,355, comprising expenditures of $44,455 in 1996 and $77,900 estimated for 1997. It is not clear to the Committee the extent to which the cost estimates for air operations take into account the existence of air services operated by other United Nations agencies in each of the mission areas. The Committee requests that, in future, the estimates should indicate the procurement of air service in relation to services available from other agencies in the area.

16. The Advisory Committee recommends that the General Assembly appropriate the additional amount of $9.3 million under section 3, Peacekeeping operations and special missions, of the proposed programme budget for the biennium 1998-1999 for the five missions, taking into account the comments and conclusions in the paragraphs above.

ANNEX

Expenditures of political missions

(Thousands of United States dollars)

	1996	1997	1996-1997
Burundi	1 406.4	2 248.9	3 655.3
Cambodia	391.5	646.5	1 038.0
Liberia		518.5	518.5
Sierra Leone	352.4	556.2	908.6
Somalia	549.3	634.4	1 183.7
Total	2 699.6	4 604.5	7 304.1

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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

Interim study of the question of honoraria payable to members of organs and subsidiary organs of the United Nations

Eighth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the Secretary-General's report on the question of honoraria payable to members of organs and subsidiary organs of the United Nations (A/52/699). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information.

2. The Advisory Committee recalls that, in its resolution 35/218 of 17 December 1980, the General Assembly decided to set up the rates applicable for the payment of honoraria, with effect from 1 January 1981, to members of the International Law Commission, the International Narcotics Control Board, the United Nations Administrative Tribunal and the Human Rights Committee, bodies which the General Assembly had earlier decided should receive honoraria on an exceptional basis. Those rates are reflected in paragraph 1 of the Secretary-General's report.

3. The Secretary-General indicates in paragraph 21 of his report that by its resolutions 36/240 A of 18 December 1981 the General Assembly had approved that the members of the Committee on the Elimination of Discrimination against Women should be paid the rate of honoraria set out in resolution 35/218; the Assembly had also decided, in its resolution 44/201 A of 21 December 1989, that the emoluments for members of the Committee on the Rights of the Child should be payable at the rates of honoraria set out in resolution 35/218. The Advisory Committee points out, in this connection, that General Assembly resolution 36/240 A does not contain explicit authorization for the payment of honoraria to the members of the Committee on the Elimination of Discrimination against Women. The Committee sought clarification as to what constitutes the basis for the

payment of honoraria to the members of the Committee on the Elimination of Discrimination against Women but was not provided with it.

4. The Advisory Committee recalls that the basic principle enunciated by the General Assembly in its resolutions 2489 (XXIII) of 21 December 1968, 3536 (XXX) of 17 December 1975 and 35/218 was that neither a fee nor any other remuneration in addition to travel expenses and a subsistence allowance at the standard rate would normally be paid to members of organs or subsidiary organs unless expressly decided upon by the Assembly. With regard to the exceptions to this basic principle granted by the General Assembly, the Committee notes from paragraph 11 of the Secretary-General's report that "at the time of the creation of the various bodies, the Secretary-General had not been involved in developing those decisions nor had he been advised of the rationale for payment of honoraria".

5. The Advisory Committee further recalls that the General Assembly in its resolution 3536 (XXX) requested the Secretary-General to submit a comprehensive study of the question of honoraria payable to members of organs and subsidiary organs of the United Nations, taking into account, inter alia, the following factors:

> "(a) The practice that may be applied to other organizations within the United Nations system;
>
> (b) The need to secure the services of competent and independent experts;
>
> (c) The implications of introducing uniformity into the conditions for the payment of honoraria to full-time members and part-time members of the organs and subsidiary organs concerned or likely to be concerned;
>
> (d) The possible implications of discontinuing honoraria for part-time members with regard, inter alia, to retaining qualified experts in those organs."

6. The Advisory Committee notes from paragraph 23 of the report (A/52/699) that the Secretary-General intends to submit a comprehensive report on the matter to the General Assembly at its fifty-third session. The Advisory Committee trusts that in responding to specific requirements set out in General Assembly resolution 3536 (XXX) with respect to the comprehensive study, the Secretary-General will also identify criteria and legislative authority for exceptions from the basic principle that neither a fee nor any other remuneration would normally be paid to members of organs and subsidiary organs of the United Nations in addition to travel expenses and a subsistence allowance.

7. Pending the undertaking of the comprehensive review, the Secretary-General, in his report (A/52/699), attempts "to respond to the concerns expressed by both the President and members of the International Narcotics Control Board and the President and members of the United Nations Administrative Tribunal concerning the level of honoraria" (ibid., para. 23).

8. The revised rates of honoraria, which reflect a 25 per cent increase over the rates that came into effect as from 1 January 1981, are proposed by the Secretary-General to take effect as from 1 January 1998. The Advisory Committee is of the view, in this connection, that it will be more appropriate if the question of the rate of honoraria is considered in the context of the Secretary-General's comprehensive report on the issue to be submitted to the General Assembly at its fifty-third session.

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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1998-1999

Salary and retirement allowance of the Secretary-General and salary and pensionable remuneration of the Administrator of the United Nations Development Programme

Ninth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions was informed that the current salaries of the Secretary-General and the Administrator of the United Nations Development Programme (UNDP) are as follows:

	Gross salary	Net salary	Post adjustment	Net remuneration
	(United States dollars)			
Secretary-General	227 253	140 484	73 052	213 536
Administrator of UNDP	179 537	113 286	58 909	172 195

The Secretary-General also receives a representation allowance of $25,000 and the Administrator of UNDP receives $10,000. The Advisory Committee was informed that the maximum annual retirement allowance for the Secretary-General is $106,727; the pensionable remuneration of the Administrator is $208,537.

2. In its resolution 51/216 of 18 December 1996, the General Assembly approved the consolidation of 5.26 points of post adjustment into the base/floor salary scale and increased the scale by 0.4 per cent. The impact of that action resulted in a revised base/floor salary scale applicable to staff in the Professional category and above with effect from 1 January 1997. The Advisory

Committee was informed that the post adjustment multiplier applicable at New York was 44.4 effective 1 January 1997 and 47 effective 1 November 1997.

3. The Advisory Committee was informed that these measures had not been applied to the salaries of the Secretary-General and the Administrator of UNDP. If they had been applied to them, the result would have been as follows:

	1 January 1997	1 November 1997
	(United States dollars)	
Secretary-General		
(a) Net base salary	148 465	148 465
(b) Post adjustment	65 918	69 779
Total net	214 383	218 244
Administrator of UNDP		
(a) Net base salary	119 722	119 722
(b) Post adjustment	53 157	56 269
Total net	172 879	175 991

4. The Advisory Committee recalled that in its resolution 51/216 the General Assembly had also approved a revised scale of staff assessment for staff in the Professional category and above effective 1 January 1997. The Advisory Committee was informed that the reverse application of the staff assessment rates to the revised "with dependants" rate of the net base salary ($148,465) would have resulted in a decrease in the gross salary of the Secretary-General from the current level of $227,253 to $220,968 as at 1 January 1997.

5. In its resolution 45/251 of 21 December 1990, the General Assembly concurred with the recommendation of the Advisory Committee that the retirement allowance of the Secretary-General be set at an amount equivalent to 50 per cent of the recommended net remuneration (net base salary plus post adjustment) and that it be adjusted by application of the same procedure and percentage used for adjusting the scale of pensionable remuneration for staff in the Professional category and above. On this basis, the retirement allowance of the Secretary-General would have increased to $109,122 effective 1 November 1997.

6. The Advisory Committee was informed that the reverse application of staff assessment rates to the revised "with dependants" rate of the net base salary ($119,722) would have resulted in a decrease in the gross salary of the Administrator of UNDP from the current level of $179,537 to $175,344 effective 1 January 1997.

7. With regard to the pensionable remuneration of the Administrator of UNDP, the Advisory Committee was informed that, in the past, it had been revised between comprehensive reviews by application of the same adjustment procedure

and percentage increase applied to the scale of pensionable remuneration in effect for staff in the Professional category and above. The Advisory Committee was also informed that the pensionable remuneration of staff in the Professional category and above was revised effective 1 January 1997 to reflect the revised salary scale for staff in the Professional category and above effective 1 January 1997 as well as the revised scale of staff assessment approved by the General Assembly in section III of its resolution 51/216. Accordingly, the pensionable remuneration of the Administrator of UNDP could have been revised from $205,861 to $208,537 with effect from 1 January 1997. As a result of the increase in pensionable remuneration for staff in the Professional category and above, effective 1 November 1997, the pensionable remuneration of the Administrator of UNDP could have increased from $208,537 to $212,291 as at the same date.

8. Taking into account the analysis in the paragraphs above, it is recommended that the revised salary and retirement allowance of the Secretary-General and the revised salary and pensionable remuneration of the Administrator of UNDP be set at their 1 November 1997 levels effective 1 January 1998.

Financial implications

9. The financial implications of the recommendations made in the preceding paragraphs are summarized below.

Secretary-General

(a) Gross salary. The change in the gross salary of the Secretary-General would result in a decrease of expenditure of staff assessment under section 32, Staff assessment, of the proposed programme budget for the biennium 1998-1999 estimated at $12,570, with a corresponding decrease of income under income section 1, Income from staff assessment, in the amount of $12,570;

(b) Net salary. Should the total net salary of the Secretary-General (net base salary plus post adjustment) be increased, there would be an increase of expenditure under section 1A, Overall policy-making, direction and coordination, of the proposed programme budget for the biennium 1998-1999 estimated at $9,416;

(c) Retirement allowance. The consequential increases in the maximum allowance for three former Secretaries-General would result in a total additional cost under section 30, Special expenses, of the proposed programme budget for the biennium 1998-1999, estimated at $14,370 at the rate of $2,395 per former Secretary-General for 1998.

10. The Advisory Committee was informed that, should the General Assembly approve the proposals outlined above, the Secretariat would reflect the changes involved in the context of the first performance report for the biennium 1998-1999.

11. A draft resolution embodying the Advisory Committee's recommendations is annexed to the present report.

ANNEX

Draft resolution

Salary and retirement allowance of the Secretary-General and salary and pensionable remuneration of the Administrator of the United Nations Development Programme

The General Assembly,

Having considered the report of the Advisory Committee on Administrative and Budgetary Questions,[a]

1. Concurs with the recommendation of the Advisory Committee on Administrative and Budgetary Questions concerning the salary and retirement allowance of the Secretary-General contained in paragraph 8 of its report;[a]

2. Also concurs with the recommendation of the Advisory Committee concerning the salary and pensionable remuneration of the Administrator of the United Nations Development Programme contained in paragraph 8 of its report;

3. Approves the amendment to annex I to the Staff Regulations of the United Nations with effect from 1 January 1998, as set forth in the annex to the present resolution.

Annex

Amendment to annex I to the Staff Regulations of the United Nations

In paragraph 1, the gross salary figure for the Administrator of the United Nations Development Programme shall read 175,344 United States dollars.

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[a] A/52/7/Add.8.